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SAPC - 14447
Copy 3 of 6

5 April 1957

MEMORANDUM FOR THE RECORD

SUBJECT: Propriety of Obligating Funds Under Recruiting and Training Contracts

1. A question has arisen internally with respect to the correctness of obligating funds during the Fiscal Year 1955 under recruiting and training types of contractor, whereas expenses for such accomplishments may have carried over into succeeding fiscal years.

2. I recall in the early considerations of this type of undertaking, the subject was discussed considerably, but there seems to be none of our conclusions reduced to writing, and it is desired at this point to set forth the chronology employed as well as my understanding of the conclusions reached for our future guidance, as follows:

(a) As I remember, we were all in accord in our thinking that a recruiting and training agreement is considerably different from a contract covering purely personal services. We felt that the fund appropriate for obligation would be the Fiscal Year money available for obligation at the time the need for recruiting and training became apparent, (b) that expenditures covering recruitment and training would be appropriate against such obligations so long as there was a balance available, (c) additional funds would be added at any point where the need for such services was extended to the point where additional funds were necessary; this contract extension would be charged against funds currently available for obligation at the time the need existed, and (d) accordingly, new contractor for recruiting and training would be awarded if, as, and when a need existed for such considerations. These awards would likewise be charged insofar as we are able to project against funds then current for obligation purposes.

3. If the above recited is consistent with the feelings of the Contracting Officer and the General Counsel, it will be appreciated if signatures may be affixed hereunder in the spaces provided. In the

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-2-

event my recollections of these discussions should be incorrect, I shall appreciate being advised specifically in order that our obligations and expenditures may be shown consistent with the best possible determination.

4. For the information of all concerned, personal service types of contracts, as distinguished from recruiting and training types, are being obligated and expensed solely on a fiscal year basis.

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Project Comptroller

Concurred in:

Contracting Officer Signet

General Counsel Signet

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